



October 22, 2014

Mr. Barry F. Mardock  
Deputy Director, Office of Regulatory Policy  
Farm Credit Administration  
1501 Farm Credit Drive  
McLean, VA 22102-5090

Re: Eligible Investments for Farm Credit System Associations and Funding Banks

Dear Mr. Mardock:

Our bank is concerned about the Farm Credit Administration's (FCA) regulatory proposal to "modernize" investment purposes for Farm Credit System (FCS) entities. Combined with your recent "guidance memorandum" on investments and pilot projects, the proposal is confusing. FCA should withdraw the guidance memo until after this regulation is completed.

Strict limitations are needed on FCS lenders' investments. FCS entities are GSEs and should focus on loans, not investments. I am concerned FCA is establishing an approval methodology that allows FCS lenders to label as investments what are in effect loans. Please explain how FCA determines the difference between a bond and a loan in terms of eligible investments.

Please provide a list of eligible investments. Do you intend to approve non-farm business loans if they are issued as bonds? Do you intend to approve all of the extensions of credit made under the various pilot projects, which are supposedly being withdrawn? Would FCA approve investments in commercial buildings, commercial real estate, shopping malls, movie theatres, apartment complexes, and manufacturers if an FCS lender adequately filled out your September guidance memo and appropriate documents? Is virtually any type of loan eligible if it is considered or labeled as an investment? How does FCA determine what financing activity meets the definition of an investment under the "other investments" category?

Congress did not grant you an "anything goes" approval authority in the law that supersedes the Act's lending authorities. Please withdraw the guidance memo and this proposal and reissue this proposal for comment after answering the questions raised above. FCA should not approve investments that exceed the scope of the Act's lending parameters.

Sincerely,

William H. Walker III  
President and CEO

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